Use Case Spotlight

BlackLine for Banking & Financial Services

Align Accounting & Finance Operations to Minimize Risk, Increase Agility & Manage Cost

It’s easy to see that the banking and financial services industries have experienced significant changes in recent years. Common, everyday tasks that used to require in-person encounters or paper documentation like checking your 401k balance, investing in the stock market, or sending funds can now be done from the palm of your hand. Thousands of transaction types can be executed across different currencies, languages, and global markets in seconds with very little effort.

Increasing consumer expectations present new challenges for banking and financial services companies, and organizations that are not modernizing processes could quickly compromise competitive advantage or risk losing their place in the market altogether.
One-third of financial services CIOs identified digital as their top business priority for 2019, up by more than 8% from last year, according to Gartner.

SOURCE: FINANCIAL SERVICES FIRMS TAKE DIFFERENT ROUTES AND APPROACHES TO CREATE VALUE FROM DIGITAL BUSINESS. SMARTER WITH GARTNER, 2019

For Finance and Accounting, the pressure of these changes is felt through increasing data and process complexities, as well as additional regulatory standards. And for an industry already known for disparate systems landscapes, a growing volume of transactions and data sources means traditional manual processes are no longer sustainable.

Historically, banking and financial services organizations have prioritized front office initiatives, creating a large innovation gap between modernized, consumer-facing products and services and legacy internal operational processes. Yet as regulatory scrutiny increases, de-prioritizing back-office processes and controls will ultimately put compliance at risk.

Why Modern Accounting Matters

Financial organizations rely heavily on day-to-day analysis, and their operations teams are often challenged to report in real-time. With traditional manual processes in place, providing insights to the business is not only a tall task but can also compromise accuracy, as there are numerous potential points of failure.

These processes have become all but too much for the teams—Accounting, Finance, Operations, Compliance, and Tax—that are required to perform daily activities to ensure completeness and accuracy of data across transaction processing and reporting systems.

Common challenges in the financial services and banking industries include:

- Lack of visibility due to a significant number of single/dual-purpose systems, often homegrown
- Highly manual transactional reconciliation and journal booking process leads to risk of error
- Significant time and effort allocated to understanding and complying with complex regulatory requirements
- Lack of standardization because of multi-purpose subledger accounts and a thick general ledger
- Inability to obtain real-time data and reports from different functions
- Too much time spent reconciling data to identify and resolve breaks

To sustain timely performance of daily activities, banking and financial services organizations are turning to modern accounting and finance practices. It’s no longer a matter of whether or not to digitally transform, it’s a matter of when and how.
How Technology Helps

While some of these challenges are not new to the financial services space—they’re simply the way it’s always been done—leading organizations have recognized there’s a better way.

Ask yourself the following questions to determine whether your team is spending time on activities that can be successfully modernized with visibility, automation, and control:

1. Are you spending time reconciling data between systems or sources?
2. How much effort is spent tracking down and resolving breaks?
3. Do you have a dedicated person or team performing daily analyses of zero balance accounts, suspense accounts, or open items?
4. Do you feel you spend an inadequate amount of time performing analysis, providing insights, or resolving issues?

Integrated accounting automation solutions, like the BlackLine Accounting Cloud, complement your front-end, transaction processing, general ledger, and subledger systems to address the spreadsheet-driven manual processes that still exist. By automating these traditional processes, organizations can reallocate time and effort to higher risk, more complex areas that require accounting judgment.

Banking & Financial Services Automation Use Cases

Automating high-volume transactional reconciliations is one of the impactful ways financial organizations are transforming. Real-life applications of BlackLine include:

<table>
<thead>
<tr>
<th>Transaction processing systems to general ledger reconciliation:</th>
<th>Balance-to-balance reconciliation:</th>
<th>Additional end-to-end process automation use cases include:</th>
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<tbody>
<tr>
<td>+ Teller and check</td>
<td>+ Legal entity</td>
<td>+ Daily balancing of high-risk subledger accounts</td>
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<td>+ Trading</td>
<td>+ Account</td>
<td>+ Clearing open items</td>
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<td>+ Loans</td>
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<td>+ Securities</td>
<td>+ Data source</td>
<td>+ Suspense accounts</td>
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<td>+ Other investment banking products’ or services’ subledgers</td>
<td>+ Foreign currencies</td>
<td>+ Report on aging items</td>
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Prepare and post journal entries for reconciling differences or event settlement
Reconcile commission allocations to general ledger
BlackLine’s Integrated Accounting Automation Platform

BlackLine’s cloud-based solutions and market-leading customer service help companies move to modern accounting by unifying their data and processes, automating repetitive work, and driving accountability through visibility.

The integrated accounting automation platform ensures compliance throughout a historically manual, data-heavy daily analysis of the subledger that occurs in the financial services industry today.

BlackLine helps large enterprises and midsize companies across all industries do accounting work better, faster, and with more control.

Benefits Across the Organization

Centralize
all documentation for transactional reconciliations securely and consistently with access from anywhere

Decrease
time spent preparing for audits

Increase
accounting and finance group morale by shifting away from manual processes

Ensure
completeness and accuracy across all financial data

Report
on financial data in real time from a single source of truth

Enhance
compliance through standardized, consistent processes and procedures

Improve
governance for a stronger control environment

FORTUNE 500 BANK

95-98% of reconciliations auto-certify

FORTUNE 500 FINANCIAL SERVICES COMPANY

99.8% compliance through improved workflow